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James A. Carder
Director
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MEMORANDUM

TO: State Agencies
FROM: OA/Accounting
DATE: September 24, 2001
RE: Prior Year Adjustments

Some SAM II Financial Policy and Procedures related to prior year adjustments must be revised because of the negative impact to the statewide financial reporting. These revisions are detailed below.

Effective immediately, OA/Accounting will process prior year adjustments against the fund (cash) only except for those situations listed below. Expense/expenditures and revenues are closed to Fund Balance/Retained Earnings at the end of each fiscal year. Therefore, prior year adjustments can not be processed against current year expense/expenditures or revenues. If your agency requires a prior year transaction processed to correct a fund (cash) in a subsequent fiscal year, your agency must send a memorandum to Jack Dothage, Assistant Director, OA/Accounting requesting that a Transfer Voucher (TV) document be processed.

Prior Year Adjustment Document Prefixes

To accommodate reconciliation issues, Transfer Vouchers (TV) and certain Journal Voucher (JV) documents must be processed with the document prefixes below. Please note that the Prior Year Adjustment Procedure Changes section in this memorandum document which JVs require the PYR or PYE prefix.

Document Type	Document Prefix
Transfer Voucher (TV) documents correcting prior year Revenues	TVPYR02
Transfer Voucher (TV) documents correcting prior year Expense/Expenditures	TVPYE02
Journal Voucher (JV) documents correcting prior year Revenues	PYR
Journal Voucher (JV) documents correcting prior year Expense/Expenditures	PYE

Prior Year Adjustment Procedure Changes

Because prior year adjustments can post to the fund (cash) only, we have made the following procedure changes:

Revenue Increases and Decreases for prior year Receivables

Follow current policies and procedures located on the Intra-net in the SAM II Policies and Procedures Manual Version 2.2, Accounts Receivable, External Receivables, Receivable Adjustments.

In addition to the completion of a Receivable (RE) document, agencies must complete a Journal Voucher (JV) document with a PYR prefix containing the following entries when increasing a prior year Receivable:

- Debit – Revenue
- Credit – Retained Earnings (BS Acct-3265) for Proprietary funds or Fund Balance (BS Acct-3257) for Governmental funds. The accounting distribution would be Fund Balance (account type), Fund, BS Account, Dollar Amount and Description.

Agencies must include the Receivable (RE) document number on all lines in the description field on the Journal Voucher (JV) document. Due to financial reporting, fund balances and audit purposes, it is very critical for agencies to process this Journal Voucher (JV) document.

In addition to the completion of a Receivable Credit Memo (RM) document, agencies must complete a Journal Voucher (JV) document with a PYR prefix containing the following entries when decreasing a prior year Receivable:

- Debit – Retained Earnings (BS Acct-3265) for Proprietary funds or Fund Balance (BS Acct-3257) for Governmental funds. The accounting distribution would be Fund Balance (account type), Fund, BS Account, Dollar Amount and Description.
- Credit – Revenue

Agencies must include the Receivable Credit Memo (RM) document number on all lines in the description field on the Journal Voucher (JV) document. The supporting documentation submitted to OASAMII Central Acct must include the request for the approvals of the Receivable Credit (RM) document and the Journal Voucher (JV) document along with the justification.

An Interagency Payment (CRP) document was processed in the prior year in error

Follow current policies and procedures located on the Intra-net in the SAM II Policies and Procedures Manual Version 2.2, Accounts Receivable, External Receivables, Receivable Adjustments, General Receivable Correction Procedures, Scenario # 4.

In addition to the Non-Sufficient Funds (NF) document with an IAB prefix and the Journal Voucher (JV) document with a IAB prefix, agencies must complete another Journal Voucher (JV) document with a PYE prefix containing the following entries:

- Debit – Expense/Expenditure

- Credit – Retained Earnings (BS Acct-3265) for Proprietary funds or Fund Balance (BS Acct-3257) for Governmental funds. The accounting distribution would be Fund Balance (account type), Fund, BS Account, Dollar Amount and Description.

Agencies must include the first Journal Voucher (JV) document number on all lines in the description field on the second Journal Voucher (JV) document. Because of audit purposes, two Journal Voucher (JV) documents must be completed. The supporting documentation submitted to OASAMII Central Acct must include the request for the approvals of the Non-Sufficient Funds (NF) document and both Journal Voucher (JV) documents along with the justification.

A Cash Receipt (CR) document or an Interagency Payment (CRP) document processed in a prior year did not reference a Receivable (RE) document

Follow current policies and procedures located on the Intra-net in the SAM II Policies and Procedures Manual Version 2.2, Accounts Receivable, External Receivables, Receivable Adjustments, General Receivable Correction Procedures, Scenario # 5.

In addition to the Cash Receipt (CR) document with a CR or IAB prefix, agencies must complete a Journal Voucher (JV) document with a PYR prefix containing the following entries:

- Debit – Retained Earnings (BS Acct-3265) for Proprietary funds or Fund Balance (BS Acct-3257) for Governmental funds. The accounting distribution would be Fund Balance (account type), Fund, BS Account, Dollar Amount and Description.
- Credit – Revenue

Agencies must include the Cash Receipt (CR) document number on all lines in the description field on the Journal Voucher (JV) document. The supporting documentation submitted to OASAMII Central Acct must include the request for the approvals of the Cash Receipt (CR) document and the Journal Voucher (JV) document along with the justification.

A Cash Receipt (CR) document or an Interagency Payment (CRP) document processed in a prior year caused an overpayment on a Receivable (RE) document. Overpayment needs to be recorded as Revenue (not referencing another Receivable (RE) document)

Follow current policies and procedures located on the Intra-net in the SAM II Policies and Procedure Manual Version 2.2, Accounts Receivable, External Receivables, Receivable Adjustments, General Receivable Correction Procedures, Scenario # 6.

In addition to the Non-Sufficient Funds (NF) document with a CR or IAB prefix and the Cash Receipt (CR) document with a CR or IAB prefix, agencies must complete a Journal Voucher (JV) document with a PYR prefix containing the following entries:

- Debit – Revenue
- Credit – Retained Earnings (BS Acct-3265) for Proprietary funds or Fund Balance (BS Acct-3257) for Governmental funds. The accounting distribution would be Fund Balance (account type), Fund, BS Account, Dollar Amount and Description.

Agencies must include the Cash Receipt (CR) document number on all lines in the description field on the Journal Voucher (JV) document. The supporting documentation submitted to

OASAMII Central Acct must include the request for the approvals of the Non-Sufficient Funds (NF) document, the Cash Receipt (CR) document and the Journal Voucher (JV) document along with the justification.

If you have any questions regarding these revisions, please contact your Agency Customer Service Coordinator (ACSC). Your ACSC may contact the OA/Accounting ACSC desk for assistance.